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**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

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# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Options Foundation, Inc.  
Baton Rouge, LA

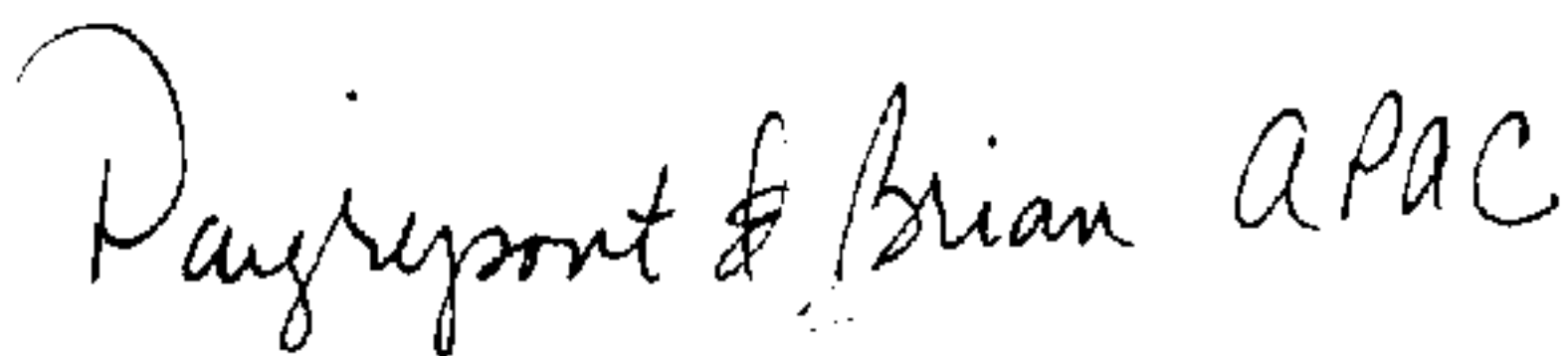
We have audited the accompanying statements of financial position of Options Foundation, Inc. (a non-profit organization), as of June 30, 2003 and 2002, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options Foundation, Inc. as of June 30, 2003 and 2002, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2003, on our consideration of Options Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Baton Rouge, La  
October 10, 2003

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2003 AND 2002

	<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
<u>Current Assets</u>			
Cash and cash equivalents		\$ 78,523	\$ 12,151
Cash-resident funds		57,284	43,028
Contracts receivable		314,914	207,149
Other current assets		<u>1,056</u>	<u>7,590</u>
Total current assets		<u>451,777</u>	<u>269,918</u>
<u>Fixed Assets</u>			
Land		56,325	56,325
Buildings		723,221	580,033
Vehicles		58,701	58,701
Furniture and Fixtures		30,028	22,840
Improvements		40,474	26,500
Computers and Equipment		<u>11,677</u>	<u>11,677</u>
		920,426	756,076
Accumulated Depreciation		<u>(163,621)</u>	<u>(124,376)</u>
Total fixed assets		<u>756,805</u>	<u>631,700</u>
<u>Other Assets</u>			
Deposits		<u>1,837</u>	<u>1,837</u>
Total Assets		<u>\$ 1,210,419</u>	<u>\$ 903,455</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities</u>			
Accounts payable		85,524	87,236
Resident funds payable		57,284	43,028
Notes payable-current portion		24,930	24,028
Payroll taxes and related payables		8,244	8,942
Due to related companies		<u>679,965</u>	<u>442,044</u>
Total current liabilities		<u>855,947</u>	<u>605,278</u>
<u>Long Term Liabilities</u>			
Notes payable		<u>379,329</u>	<u>362,990</u>
Total Liabilities		<u>1,235,276</u>	<u>968,268</u>
<u>Net Assets</u>			
Unrestricted		<u>(24,857)</u>	<u>(64,813)</u>
Total Liabilities and Net Assets		<u>\$ 1,210,419</u>	<u>\$ 903,455</u>

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

CHANGES IN UNRESTRICTED NET ASSETS

	<u>2003</u>	<u>2002</u>
<u>Revenues and Gains</u>		
Unrestricted Support Revenues:		
Grant-Office of Community Service	\$ 611,052	\$ 522,973
Grant-Office of Mental Health	22,189	8,103
Grant-North Shore	749,262	663,260
Grant-Family Support	36,474	37,690
Grant-A New Life	130,693	125,243
Grant-HUD/City of Baton Rouge-Options Villa	191,649	193,518
Rent Income-Options Villa	95,808	90,563
Rent Income-A New Life	48,579	24,481
Rent Income-Options West	19,369	8,756
Rent Income-Options East	2,931	-
Rent Income-Hope Villa	32,982	-
Donations	200,000	6,000
Other	58,474	38,674
Total Unrestricted Support, Revenues and Reclassifications	2,199,462	1,719,261
<u>Expenses</u>		
Program Services:		
Community Service Residential Treatment Services	764,883	619,602
Family Support	34,995	36,012
Options Villa	288,362	318,349
North Shore	736,942	713,525
A New Life	174,427	122,669
Options West	17,264	4,191
Options East	7,696	-
Hope Villa	88,510	-
Respite	16,251	-
Crisis Services	1,920	-
Support Services:		
Management and General	28,256	30,417
Total Expenses	2,159,506	1,844,765
Increase (decrease) in Unrestricted Net Assets	39,956	( 125,504)
Net assets - beginning of period	(64,813)	60,691
Net assets - end of period	\$ (24,857)	\$ (64,813)

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

Expenses	Terri House											
	Community Service	Family Support	Options Villa	North Shore	A New Life	Options West	Options East	Hope Villa	Respite	Crisis Services	Management and General	2003 Total
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Auto mileage	\$ 7,270	\$ -	\$ 4,431	\$ 33,265	\$ 375	\$ -	\$ -	\$ 470	\$ -	\$ -	\$ 169	\$ 45,980
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-
Bank and billing charges	1,120	263	239	161	5	-	5	-	-	-	1,683	3,476
Books and subscriptions	822	-	1,109	3,156	236	-	-	419	-	-	360	6,102
Business gifts	224	-	-	418	80	37	-	-	-	-	-	759
Clothing	6,915	-	252	-	-	-	-	-	-	-	-	7,167
Contract services	67,525	29,277	34,484	48,000	1,560	692	-	-	-	-	-	181,538
Depreciation	10,057	-	17,223	2,621	-	5,671	1,589	2,083	-	-	-	39,244
Donations	37	-	-	-	-	-	-	-	-	-	-	37
Education and newsletter	2,097	-	773	1,045	689	-	-	165	-	-	-	4,769
Employee benefits	305	-	448	649	273	-	-	231	-	-	-	1,906
Food supply	41,738	-	318	40,939	14,216	-	-	7,117	129	-	-	104,457
Insurance	20,066	632	13,016	63,167	5,427	1,791	1,803	4,900	-	-	139	110,941
Interest	-	-	14,921	-	-	-	-	-	-	-	-	14,921
Lease	47,400	-	-	13,762	25,831	-	-	7,200	-	-	-	94,193
Meals and entertainment	2,060	-	582	1,200	451	179	-	384	-	-	423	5,279
Medical supply	478	-	-	-	-	-	-	-	-	-	-	478
Minor equipment and furnishings	4,930	-	3,294	829	-	-	109	313	-	-	-	9,475
Miscellaneous	4,970	-	451	2,025	25	89	64	398	-	-	9,081	17,103
Office expense	3,871	-	1,237	6,717	273	55	26	1,799	-	-	782	14,760
Payroll taxes	27,056	-	9,357	27,081	8,518	-	-	3,335	1,425	30	-	76,802
Professional and legal	34,902	-	2,239	6,028	680	-	-	-	-	-	-	43,849
Recreation and allowances	3,352	-	-	-	-	-	-	-	-	-	-	3,352
Repairs and maintenance	26,208	-	32,551	26,498	359	8,352	3,221	6,180	-	-	-	103,369
Salaries	363,147	-	112,361	355,697	114,619	-	-	44,384	14,520	440	15,506	1,020,674
Supplies	12,332	2,745	-	9,873	361	-	-	2,069	144	-	108	27,632
Taxes and licenses	1,258	-	1,826	75	400	151	135	-	-	-	5	3,850
Telecommunications	13,648	-	3,799	13,961	49	-	-	2,168	33	-	-	33,658
Transportation	38,575	-	1,950	78,926	-	-	-	-	-	1,450	-	120,901
Travel	735	2,078	-	-	-	-	-	-	-	-	-	2,813
Utilities	21,785	-	31,501	849	-	247	744	4,895	-	-	-	60,021
	\$ 764,883	\$ 34,995	\$ 288,362	\$ 736,942	\$ 174,427	\$ 17,264	\$ 7,696	\$ 88,510	\$ 16,251	\$ 1,920	\$ 28,256	\$ 2,159,506
												\$ 1,844,765

The accompanying notes are an integral part of this statement.

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 39,956	\$ (125,504)
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	39,245	40,801
Increase in resident funds	(14,256)	(43,028)
Increase in contracts receivable	(107,765)	(77,931)
Increase (decrease) in other current assets	6,534	(7,590)
(Increase) decrease in accounts payable	(1,712)	59,876
Increase in due to related companies	237,921	175,588
Decrease in accrued liabilities	(698)	(17,740)
Increase in resident funds payable	<u>14,256</u>	<u>-</u>
Net cash provided by operating activities	213,481	4,472
<u>Cash Flows From Investing Activities</u>		
Purchase of property	<u>(164,350)</u>	<u>(141,301)</u>
Net cash used by investing activities	(164,350)	(141,301)
<u>Cash Flows From Financing Activities</u>		
Loan proceeds-Community Development Block Grant Program	40,000	152,000
Loan payments-Community Development Block Grant Program	(11,550)	(8,550)
Loan payments-Bank loan	<u>(11,209)</u>	<u>(11,510)</u>
Net cash provided by financing activities	17,241	131,940
Increase (decrease) in Cash and Cash Equivalents	66,372	(4,889)
Cash and Cash Equivalents, Beginning of Period	<u>12,151</u>	<u>17,040</u>
Cash and Cash Equivalents, End of Period	<u>\$ 78,523</u>	<u>\$ 12,151</u>
Supplemental disclosure – cash paid for interest	<u>\$ 14,921</u>	<u>\$ 16,065</u>

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

1. Summary of Significant Accounting Policies

(a) Organization and Nature of Activities

Options Foundation, Inc. is a private, non-profit organization whose purpose is to provide services for people with behavioral health requirements primarily in Baton Rouge, Louisiana.

Options Foundation, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Options Foundation, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2003 or 2002.

(b) Basis of Accounting

The Organization maintains its books and prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues are recognized when earned, and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(b) Net Assets

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. The Organization's net assets balance is comprised only of net assets for general use with no restrictions.

(d) Other Accounting Policies

*Cash Equivalents*

The Organization considers all highly liquid investments, including certificates of deposit with maturity of three months or less, to be cash equivalents.

*Contributions*

The Organization follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

*Accounts Receivable*

Management believes that all amounts receivable as of the balance sheet dates are collectible and thus no allowance for doubtful accounts is necessary.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

2. Fixed Assets

Fixed assets acquired by Options Foundation, Inc. are considered owned by the Organization. However, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds, which have a cost of \$500 or more, and an estimated useful life of at least two years.

Options Foundation, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

<u>Estimated Useful Life</u>	
Buildings & Improvements	30 years
Furniture and equipment	5 - 12 years
Transportation equipment	5 years

Depreciation expense was \$39,244 and \$40,801 for the years ended June 30, 2003 and 2002, respectively.

3. Resident Funds Payable/ Representative Payee Account

Options Foundation, Inc., as a non-profit organization, has been designated a representative payee by the Social Security Administration for certain individuals participating in Options' residential programs (Options Villa, Options West, A New Life). As representative payee, Options receives Social Security and/or Supplemental Security Income (SSI) payments for individuals who cannot manage, or direct someone else to manage his or her money. The main responsibility of the payee is to use the funds to pay for the current and foreseeable needs of the beneficiary and to save any remaining funds for the beneficiary. A fee is collected by Options for performing this function. Because the funds are maintained and not owned by Options Foundation, Inc., the cash balance has been recorded as an asset on the financial statements with a corresponding liability of an equal amount.

4. Contracts Receivable

Receivables at years ended June 30, 2003 and 2002, are summarized below.

	<u>2003</u>	<u>2002</u>
DHH Office of Mental Health	\$ 18,138	\$ 16,349
Department of Social Services, Office of Community Services	80,704	43,324
Office of Housing and Urban Development	160,569	143,641
Office of Youth Development	54,550	-
Other	953	3,835
	<u>\$ 314,914</u>	<u>\$ 207,149</u>

5. Accrued Vacation/Leave - Employee Benefits

Options Foundation, Inc.'s employees earn paid vacation after successful completion of three months of initial period of employment. Vacation and leave accrue at various rates depending upon length of services and hours worked per month. Vacation/Leave must be used and is not available to be paid out to employees. There was no accrued vacation at June 30, 2003 and 2002.

6. Commitments and Contingencies

Options Foundation, Inc. receives a substantial portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and audited by, the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs.

Management is not aware of any pending audits or proposed adjustments, and no provision for estimated retroactive adjustments have been made.

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

7. **Concentration of Credit Risk**

Options Foundation, Inc. maintains several bank accounts at one bank. The Federal Deposit Insurance Corporation (FDIC) up to \$100,000 insures accounts. Cash at these institutions did not exceed federally insured limits at June 30, 2003.

8. **Leased Facilities**

Facilities used by Options Foundation, Inc. for Terri House were leased for \$47,400 and \$39,000 for the years ended June 30, 2003 and 2002, from a related organization. The current lease began July 1, 2002, and is renewable annually and requires a 30-day notice to terminate.

Facilities used by Options Foundation, Inc. for Northshore Options Program were leased for \$13,762 and \$4,248 for the years ended June 30, 2003 and 2002 from the State of Louisiana Department of Health and Hospitals. The one-year lease is renewable annually and requires a 30-day notice to terminate.

Facilities used by Options Foundation, Inc. for A New Life Program were leased for \$25,831 and \$12,916 for the years ended June 30, 2003 and 2002 from the State of Louisiana Department of Health and Hospitals. The one-year lease is renewable annually and requires a 30-day notice to terminate.

Facilities used by Options Foundation, Inc. for Hope Villa Program were leased for \$7,200 for the year ended June 30, 2003 from a related party. The current lease began July 1, 2002, and is renewable annually and requires a 30-day notice to terminate.

9. **Related Party Transactions**

Options Foundation, Inc. has contracted with a related organization to provide administrative and clinical support for \$146,724 and \$154,200 for the years ended June 30, 2003 and 2002. Another related company provided construction, repairs and maintenance services for \$152,954 for the year ended June 30, 2003. Another related company provided transportation for \$76,568 and \$76,740 for the years ended June 30, 2003 and 2002. Additional transportation costs were paid to a separate related company amounting to \$44,333 and \$12,221 for the years ended June 30, 2003 and 2002. Options Foundation, Inc. also has a contract with a related organization under which Options Foundation, Inc. provides meals to individuals involved in a program managed by the related organization. Revenue associated with this contract totaled \$27,645 and \$22,070 for the years ended June 30, 2003 and 2002, and is included in other income.

Options Foundation, Inc. leased space for two of its programs from a related organization for \$54,600 and \$38,825 for the years ended June 30, 2003 and 2002.

The President of Options Foundation, Inc. owns 100% of the related organizations, with the exception of the related organization providing construction, repairs and maintenance, which is owned 100% by the president's son.

10. **Allowance for doubtful accounts - contracts receivable**

Uncollectable contracts receivable are charged directly to earnings when they are determined to be uncollected. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

11. Notes Payable

Notes payable consist of the following at June 30, 2003:

Note dated February 10, 1999 with an original balance of \$250,000, maturing May 10, 2005. Principal and interest, at 7%, is repayable in 74 equal installments of \$2,260.86 each, commencing on March 10, 1999 and continuing monthly thereafter, with one final balloon payment consisting of the remaining amount of principal and any accrued interest due, payable on May 10, 2005.

The loan is secured by land, buildings and deposit account.

Less: current maturities

Long-term debt, less current portion

\$ 202,496  
(13,380)  
\$ 189,116

Note dated September 14, 2000 with an original balance available of \$171,000, maturing April 1, 2021. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$712.50 beginning April 1, 2001. The loan is secured by a first mortgage on the subject property listed as 143 & 145 N. 24<sup>th</sup> street and 2386 Convention St., Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Development.

The loan proceeds are restricted to property acquisition and rehabilitation construction costs. As of June 30, 2002, \$171,000 had been disbursed for the purchase of property.

Less: current maturities

Long-term debt, less current portion

\$ 151,763  
(8,550)  
\$ 143,213

Note dated June 14, 2002 with an original balance available of \$54,000, maturing November 1, 2020. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$250.00 beginning November 1, 2002. The loan is secured by a first mortgage on the subject property listed as 150 North 26<sup>th</sup> Street, Baton Rouge, LA. The source of the

loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Development.

The loan proceeds are restricted to property acquisition and rehabilitation construction costs. As of June 30, 2003, \$52,000 had been disbursed for the purchase of property.

Less: current maturities

Long-term debt, less current portion

\$ 50,000  
(3,000)  
\$ 47,000

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003 AND 2002

11. Notes Payable (continued)

Estimated principal maturities on long-term debt are as follows:

June 30, 2004	\$ 24,930
June 30, 2005	200,667
June 30, 2006	11,550
June 30, 2007	11,550
June 30, 2008	11,550
Thereafter	<u>144,012</u>
	<u>\$ 404,259</u>

12. Subsequent events

Subsequent to the year ended June 30, 2003, Options Foundation, Inc. made the decision to end the Terri House Program, a residential treatment facility for foster children that was funded by the Office of Community Services. As of September 19, 2003, the program ended and the participants were placed at other facilities not related to Options Foundation, Inc. Revenues for the program amounted to \$611,052 and \$522,973 for the years ended June 30, 2003 and 2002. Expenses for the program amounted to \$764,883 and \$619,602 for the years ended June 30, 2003 and 2002.

13. Restrictions on Net Assets

Grants and funds received by Options Foundation, Inc. are temporarily restricted in that the funds are generally program specific and to be spend in accordance with grant guidelines. All temporarily restricted funds were disbursed during the year.

14. Reclassification of Financial Statement Amounts

Certain 2002 financial statement amounts have been reclassified to conform with the 2003 presentation.

OPTIONS FOUNDATION INC.  
SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2003 AND 2002

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>	<u>FEDERAL</u>	<u>STATE</u>
DHH Office of Mental Health	CFDA 93.958	\$ 36,474	\$	-
DHH Office of Mental Health	CFMS 595432	-		900
DHH Office of Mental Health	CFMS 595148	-		21,289
DHH Office of Mental Health	CFDA 14.235	130,693		-
LA Department of Public Safety and Corrections	CFMS 573761	-		749,262
Office of Community Services Residential Treatment Service for Foster Children	CFDA 93.645	427,736*		183,316
HUD/City of Baton Rouge Supportive Housing Program	LA 48B96-0004	<u>191,649</u>		<u>-</u>
TOTALS		<u>\$ 786,552</u>		<u>\$ 954,767</u>

\*Estimated Amount of Federal Expenditures

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Options Foundation, Inc.  
Baton Rouge, LA

We have audited the financial statements of Options Foundation, Inc., as of June 30, 2003 and for the year then ended, and have issued our report thereon dated October 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Options Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Options Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Daigrepont & Brian APAC*

Baton Rouge, La  
October 10, 2003



# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Options Foundation, Inc.  
Baton Rouge, LA

### Compliance

We have audited the compliance of Options Foundation, Inc. (a non-profit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Options Foundation, Inc.'s major federal programs are identified in the Schedule of Federal Awards in the Supplementary Information Section. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Options Foundation Inc.'s management. Our responsibility is to express an opinion on Options Foundation Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Options Foundation, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Options Foundation, Inc.'s compliance with those requirements.

In our opinion, Options Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

### Internal Control Over Compliance

The management of Options Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Options Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulation, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Daigrepont & Brian APAC*

October 10, 2003

Baton Rouge, La

6641 Government Street • Baton Rouge, LA 70806 • Ph: (225) 927-3760 • Fax: (225) 927-3761

[This form is an unaudited informational document prepared by management of the agency.]

LEGISLATIVE AUDITOR  
BATON ROUGE LA 70804

**DATA COLLECTION FORM**  
**FOR REPORTING ON STATE AND LOCAL GOVERNMENT AND QUASI-PUBLIC ENTITIES**

OMB Form 0348-0057 may be used as a substitute for this form.

Date Submitted 11/18/03

RETURN to: Legislative Auditor  
Attn: Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

1. Fiscal Year Ending Date For This Submission:

06/30/2003

3. Audit Period Covered

☒ Annual ☐ Biennial  
☐ Other \_\_\_\_\_ to \_\_\_\_\_

2. Type of Report:

☒ Single Audit ☐ GAO Audit Standards Audit  
☐ Compilation ☐ Compilation/Attestation  
☐ Program Audit ☐ Other

4. AUDITEE INFORMATION

Auditee Name

Options Foundation, Inc.

Street Address (Number and Street)  
728 North Blvd.

Mailing Address (PO No.)

Baton Rouge LA 70802

City State Zip

Tammie Carter CFO

Auditee Contact

Name Title  
225-293-6774 225-291-9229

Telephone Fax

Email (Optional)

5. AUDITOR INFORMATION

Firm Name

Daigrepoint & Brian APAC

Street Address (Number and Street)  
6641 Government Street

Mailing Address (PO No.)

Baton Rouge LA 70806

City State Zip

Michael Loveless

Auditor Contact

Name Title  
225-768-7200 225-927-3761

Telephone Fax

Email (Optional)

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:

If there are no modifications to the auditor's financial opinion, no reported deficiencies in internal control, no reported instances of noncompliance, and no management letter, check this box and do not complete the rest of the form. ☒

6. FINANCIAL STATEMENTS

- a. Type of audit report on financial statements. ☐ Not Applicable  
☐ Unqualified Opinion ☐ Qualified Opinion ☐ Adverse Opinion ☐ Disclaimer of Opinion  
b. Is a 'going concern' explanatory paragraph included in the audit report? ☐ Yes ☐ No  
c. Do any of the funds have deficit balances? ☐ Yes ☐ No

7. INTERNAL CONTROL

Do the comments on internal control include: ☐ material weaknesses ☐ other conditions

8. COMPLIANCE

Do the comments on compliance include: ☐ criminal acts/fraud & abuse ☐ other noncompliance ☐ not applicable

9. CURRENT YEAR MANAGEMENT LETTER (Finding Caption and No.)

Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
Resolved ☐ Yes ☐ No ☐ No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

\$ \_\_\_\_\_ Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
\$ \_\_\_\_\_ Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
\$ \_\_\_\_\_ Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
\$ \_\_\_\_\_ Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
\$ \_\_\_\_\_ Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
\$ \_\_\_\_\_ Resolved ☐ Yes ☐ No ☐ No Longer Applicable

Do any findings address nepotism, ethics violations or related party transactions? ☐ Yes ☐ No

Do any findings address violation of bond indenture covenants? ☐ Yes ☐ No

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS/MANAGEMENT LETTER COMMENTS

(Finding/Comment Caption and No.)

Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
Resolved ☐ Yes ☐ No ☐ No Longer Applicable  
Resolved ☐ Yes ☐ No ☐ No Longer Applicable

AUDITEE SIGNATURE \_\_\_\_\_

Date \_\_\_\_\_

CPA'S SIGNATURE \_\_\_\_\_

Date \_\_\_\_\_